

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Application no. : 10/051,557 Confirmation No.9638  
Applicant : Daniel Roy Schlee  
Title : PROMOTIONAL DATA DELIVERY AND METHOD  
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Examiner : TRI V. NGUYEN  
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Mail Stop Amendment  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

**Declaration Under 37 CFR §1.132**

I, Daniel Roy Schlee, of Moorpark, California, hereby declare that I have knowledge in the field of two types of coupons: retailer coupons and manufacturer coupons. Additionally, I have experience and expertise in the field of computer programming, and computer database architecture, administration, and maintenance.

The purpose of this Declaration is to distinguish the similarities and differences between coupons whose lifecycle is limited to 2 parties (a consumer, and a retailer), and coupons whose lifecycle require 3 parties (a manufacturer, a consumer, and a retailer). In this document, a 2-party coupon will be referred to as a “retailer coupon”, and 3-party coupon will be referred to as a “manufacturer coupon”. These definitions are common knowledge in the coupon industry.

The entities in these coupon transactions are defined as:

1. Consumer: an person transferring a coupon (stating the amount and terms of the discount) to a retailer in exchange for the discount stated on the coupon;
2. Retailer: a business such as:

- a. a physical store (grocery store, restaurant, etc.),
  - b. a service provider (hotel, golf course, car wash, etc.),
  - c. an event (concert, seminar, etc.),
  - d. a venue (industry convention, swap meet, county fair, etc.),
  - e. a franchise of a corporation (Aamco transmissions, gas station, etc.)
  - f. a manufacturer who sells its product directly to the public (mail order, Internet, etc.); A manufacturer that sells directly to the public is a retailer that makes its own product;
  - g. other transfer of a coupon from a consumer to a retailer.
3. Manufacturer: a business that creates (manufacturers) a tangible product, provides an inventory of product to a retailer, and the retailer sells the product to a consumer.

The similarities of retailer coupons and manufacturer coupons are:

- 1. both types of coupons are available in either printed or electronic form;
- 2. both types of coupons contain text that describes the offer;
- 3. both types of coupons contain text that describe the terms of the offer;
- 4. both types of coupons typically have an expiration date;
- 5. both types of coupons are redeemed at a retailer point-of-sale (ie: checkout).

To a consumer, it would appear that “there is only one type of coupon” because the consumer’s experience is the same for both types of coupons: obtain a coupon, understand the discount and terms, and redeem it at a retailer before it expires.

For a retailer, the coupon process is very simple because retailer coupons only involve 2 parties: the consumer and the retailer, and the retailer has a direct relationship with the consumer. There are basic four steps in the retailer coupon lifecycle:

- 1. retailer authorizes creation and distribution of a coupon;
- 2. consumer receives the coupon;
- 3. consumer presents the coupon at point-of-sale and satisfies the terms described on the coupon; and
- 4. the retailer honors the offer, and the value of the offer is expensed by the retailer as a cost of doing business.

For manufacturers, though, the coupon process is not that simple. A manufacturer does not have a direct relationship with the consumer; therefore, the manufacturer must provide inventory of its products to a retailer who, in turn, sells the product to a consumer. In an effort to entice a consumer to buy its product and not buy its competitor's product, a manufacturer will distribute manufacturer coupons. This creates the 3-party coupon, where we now have a manufacturer in addition to a consumer and a retailer. This adds much more complexity to the entire situation, simply because the company who issued the coupon

1. does not have a direct relationship with the consumer,
2. does not participate in the sale of its product to a consumer, and
3. does not participate in the redemption of its manufacturer coupon from the consumer.

The consumer's interaction is only with the retailer at point-of-sale.

Here are the minimal steps needed to perform a complete lifecycle of a manufacturer coupon:

1. manufacturer authorizes creation and distribution of a manufacturer coupon;
2. consumer receives the manufacturer coupon;
3. consumer purchases the products stated on the manufacturer coupon and presents the coupon at retailer's point-of-sale. retailer deducts the amount of the coupon from the total purchase cost, and takes possession of the manufacturer coupon;
4. retailer forwards the redeemed coupon to the manufacturer for reimbursement;
5. the manufacturer reimburses the retailer for the amount of the coupon.

Therefore, the high-level differences between the retailer coupon and the manufacturer coupon are:

1. a retailer authorizes the creation and distribution of a retailer coupon, whereas a manufacturer authorizes the creation and distribution of a manufacturer coupon;
2. a retailer coupon is redeemed only at the retailer stated on the coupon, whereas a manufacturer coupon can be redeemed at any retailer who has an inventory of the product stated on the manufacturer coupon;
3. the discount amount of the redeemed retailer coupon is expensed by the retailer as a cost of doing business, whereas the discount amount of the redeemed manufacturer coupon is reimbursed by the manufacturer to the retailer.

Manufacturer coupons are especially important to manufacturers whose products were sold in a grocery store, because the competing products are placed on the shelf right next to each other, and manufacturers need to use any incentive to not only sell their product, but to prevent the sale of the competitor's product. Consequently, the vast majority of manufacturer coupons are created for products in a grocery store, which is why the public commonly refers to these coupons as "grocery coupons". In the late-1960's, the grocery retailers and the manufacturers sought a computerized solution to speed-up the processing of manufacturer coupon redemption. To satisfy all the criteria, standards were created regarding coupon design and features, which then lead to the development of computer software, laser scanners, in-store computer systems, computerized checkout registers, etc. The Uniform code Council (UCC) is the non-profit organization that has the responsibility of maintaining and improving a wide variety of scannable codes specifications, including manufacturer coupons.

The specifications for a UCC manufacturer coupon are vastly different than a retailer coupon. In fact, a retailer coupon only requires 2 features:

1. text describing the discount, and
2. text describing the terms required to obtain the discount.

All other features found on a retailer coupon are not required, including size limitation, barcode, expiration date, images, etc.

A UCC manufacturer coupon, however, has a long list of required features:

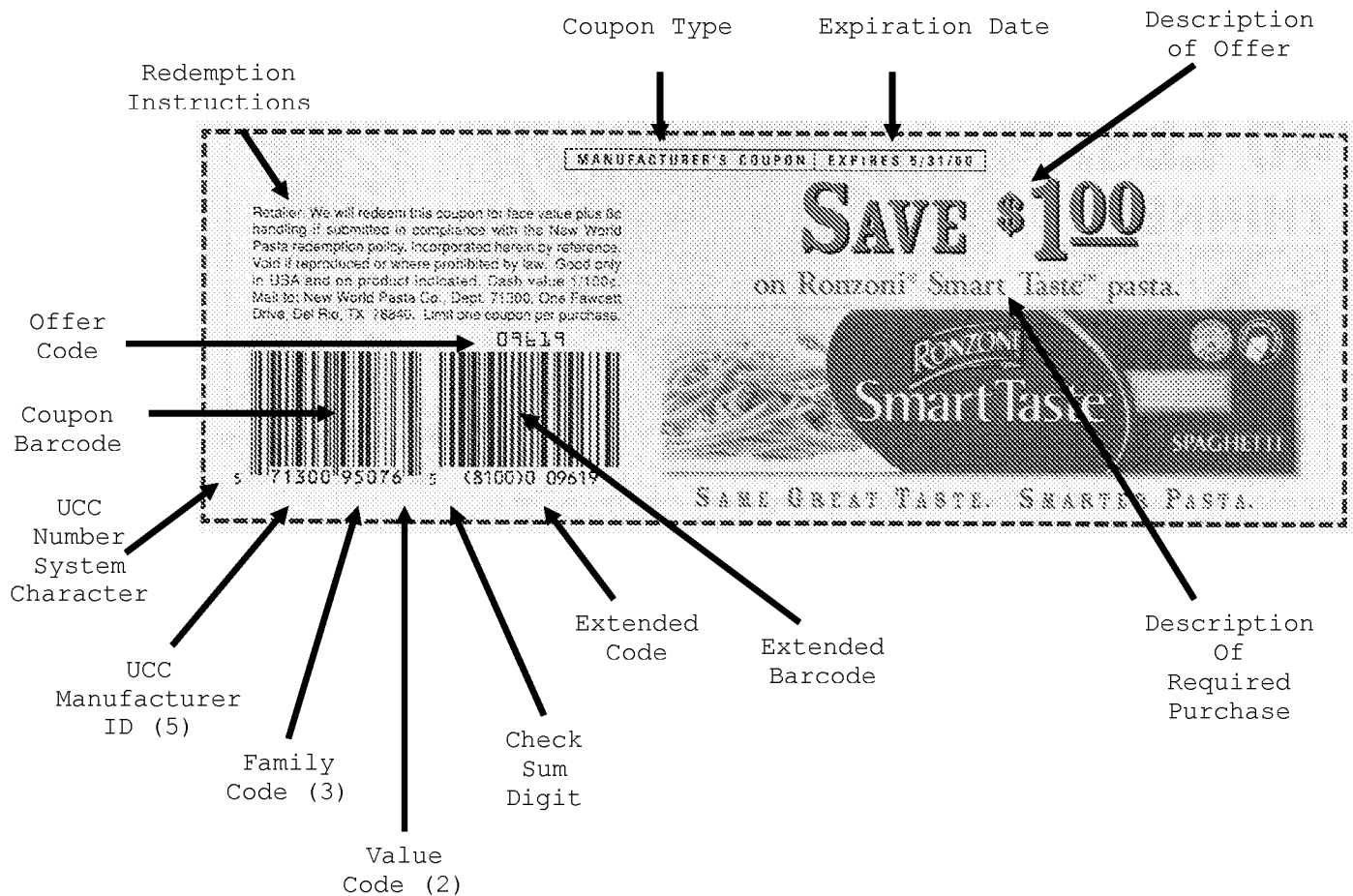
1. Text must describe the discount offer;
2. Text must describe the products required to be purchased to obtain the discount offer;
3. The phrase "MANUFACTURER COUPON" is printed on the coupon;

4. Human-readable coupon code (a set of 12 digits) printed on the coupon; all five items below are required elements of a coupon barcode:
  - a. Number System Character (NSC; manufacturer coupon bar code begins with the digit “5”)
  - b. Manufacturer ID (unique 6-digit code assigned to a unique manufacturer. The last 5 digits are represented in the coupon code and coupon barcode, the first digit is represented in the extended code and extended barcode)
  - c. Family code (a 3-digit code representing a group of products; each of the products are represented by a UPC code. The UPC code is assigned by the UCC, and is represented on each product as a product barcode and a product code (human-readable set of numbers))
  - d. Value code (a 2-digit code that represents the value of the coupon. There are 100 possible combinations (00-99), and each 2-digit code represents a unique discount. Examples: code “76” is “Save \$1.00”, code “75” is “Save \$0.75”; code “14” is “Buy 1, get 1 free”; code “13” is “Buy 4, get \$1.00 off”, etc.)
  - e. Check Digit
5. Coupon barcode encodes human-readable coupon code (4, above);
6. Human-readable extended code printed on the coupon; 1 of the 5 extended codes below must be printed on each coupon
  - a. FORMAT 1: encodes 4-digit Application Identifier + 1-digit Number System Character code + 5-digit offer code
  - b. FORMAT 2: encodes 4-digit AI + 1-digit NSC code + 5-digit offer code + 4 digit expiration date
  - c. FORMAT 3: encodes 4-digit AI + 1-digit NSC code + 5-digit offer code + 8-digit HouseholdID
  - d. FORMAT 4: encodes 4-digit AI + 1-digit NSC code + 5-digit offer code + 4-digit expiration date (mmyy) + 8-digit HouseholdID
  - e. FORMAT 5: encodes 4-digit AI + 1-digit NSC code
7. Extended barcode encodes human-readable extended code (6, above);

Other common features on a UCC manufacturer coupon are:

8. expiration date: optional if the extended barcode is Format 1, 3, or 5; expiration date is required if the extended barcode is Format 2 or 4. Very few manufacturer coupons are printed without an expiration date;
9. offer code: optional if the extended barcode is Format 5; offer code is required if the extended barcode is Format 1, 2, 3, or 4. Very few manufacturer coupons are printed without an offer code;
10. Text to describe, to consumers, the terms of redemption;
11. Text to describe, to retailers, the terms of redemption and reimbursement;
12. Images: Many manufacturer coupons have images or color to make them attractive, but neither images nor color are required.
13. Manufacturers also direct the distribution of manufacturer coupons to U.S. Military personnel. As an alternative to printing the phrase "MANUFACTURER COUPON", manufacturers substitute the phrase "MILITARY COUPON". These manufacturer coupons are generally redeemed at shopping facilities on U.S. military bases throughout the world.

A sample of a manufacturer coupon with identified features:



A sample of a retailer coupon:



Below is a chart that states the list of retailer coupon and manufacturer coupon features, and which features apply to each.

<b>coupon Process Feature</b>	<b>2-party</b>	<b>3-party</b>
coupon distribution costs paid by retailer	yes	NO
coupon distribution costs paid by manufacturer	NO	yes
consumer redeems coupon at retailer	yes	yes
consumer redeems coupon at manufacturer	NO	NO
coupon offer honored at Point of Sale	yes	yes
coupon offer is paid by retailer	yes	yes
retailer submits request for reimbursement to manufacturer	NO	yes
coupon has text describing the gift or discount	yes	yes
coupon has text describing the purchase requirements	yes	yes
coupon offer is reimbursed to retailer by manufacturer	NO	yes
coupon elements have standardized format	NO	yes
coupon elements determined by governing organization	NO	yes
coupon must state "manufacturer coupon" for manufacturer coupon	NO	yes
coupon must state "Military coupon" for coupon distributed to military personnel	NO	yes
coupon must have UCC-assigned Manufacturer code	NO	yes
coupon must have UCC-format Family code	NO	yes
coupon must have UCC-format Value code	NO	yes
coupon can have machine-scannable user-defined coupon barcode	yes	NO
coupon must have machine-scannable UCC-format coupon barcode	NO	yes
coupon must have human-readable 12-digit UCC-format coupon code	NO	yes
coupon's 12-digit coupon code must begin with "5"	NO	yes
coupon's 12-digit coupon code must end with check digit	NO	yes
coupon must have machine-scannable extended barcode	NO	yes
coupon must have human-readable extended code	NO	yes
coupon must have expiration date	NO	*
coupon must have offer code	NO	* *
coupon must have redemption text (instructions) for consumer	NO	opt.
coupon must have redemption text (instructions) for retailer	NO	yes

\* expiration date is optional if the extended barcode is Format 1, 3, or 5; expiration date is required if the extended barcode is Format 2 or 4. The vast majority of manufacturer coupons have an expiration date, typically less than 90 days from issuance.

\* \* offer code is optional if the extended barcode is Format 5; offer code is required if the extended barcode is Format 1, 2, 3, or 4. The vast majority of manufacturer coupons have an offer code.



One other item that deserves to be mentioned regarding manufacturer coupons:

Retailers are not required to honor manufacturer coupons, even if the retailer has an inventory of the manufacturer's products. Retailers redeem coupons to facilitate convenience and commerce for consumers. Some retailers, however, feel the process is too inconvenient (too labor intensive) and refuse to honor or accept manufacturer coupons.

Examples of retailer coupons:

1. Example 1: coupon is exchanged for a product or service with no additional cost: Restaurant "ABC" distributes a coupon: "Free cup of coffee". consumer receives the coupon, and takes it to Restaurant "ABC" (retailer), and receives a free cup of coffee. The value of the offer is expensed by the retailer as a cost of doing business.
2. Example 2: coupon is a monetary discount: Car Wash "DEF" distributes a coupon: "\$3.00 off any car wash". consumer receives the coupon, drives to Car Wash "DEF" (retailer), presents the coupon at point-of-sale, and \$3.00 is deducted from the total cost. The value of the offer is expensed by the retailer as a cost of doing business.
3. Example 3: coupon is a percentage discount: Dry Cleaner "GHI" distributes a coupon: "20% off any dry cleaning". consumer receives the coupon, and takes it to Dry Cleaner "GHI" (retailer), and 20% is deducted from the total cost. The value of the offer is expensed by the retailer as a cost of doing business. Note: the 100 preset UCC Value codes to do provide a "percentage" discount.
4. Example 4: coupon can be valid only during specific timeframe: Sandwich Shop "KLM" distributes a coupon "\$1.00 off any sandwich between the hours of 2pm-4pm any weekday". consumer receives the coupon, orders a sandwich at Sandwich Shop "KLM" (retailer) between 2-4pm on a weekday, presents the coupon, and \$1.00 is deducted from the total cost. The value of the offer is expensed by the retailer as a cost of doing business.

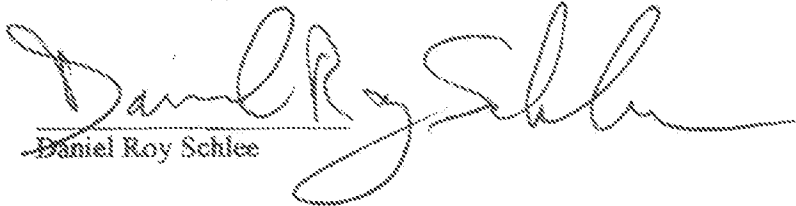
5. Example 5: coupon can be for a travel destination: Amusement Park “NOP” distributes a coupon “\$10.00 off admission”. consumer receives the coupon, presents the coupon at the Amusement Park “NOP” ticket counter (retailer), and \$10.00 is deducted from the cost of admission. The value of the offer is expensed by the retailer as a cost of doing business.
6. Example 6: coupon can be for an Event, such as Sales Seminar “QRS”. The event distributes a coupon “\$10.00 off any QRS reference materials”. consumer receives the coupon, presents the coupon at the point-of-sale for the reference materials at Sales Seminar “QRS” (retailer), and \$10.00 is deducted from the total cost. The value of the offer is expensed by the retailer as a cost of doing business.
7. Example 7: coupon can be for a discount at a franchise of a corporation. BurgerQueen Corporation distributes a coupon nationally to introduce a new BQmini-burger: “Buy 2, get 1 free”. consumer receives the coupon, and takes it to any BurgerQueen restaurant (retailer), presents the coupon, and orders 3 BQmini-burgers. The consumer pays for 2 BQmini-burgers, and receives the other BQmini-burger at no charge. The restaurant is a franchise, so the restaurant owner forwards the coupon to the Corporate Office of BurgerQueen, which then reimburses the franchise for the cost of one BQmini-burger. (If the BurgerQueen restaurant was corporate-owned instead of franchised, there is no reimbursement; the value of the offer is expensed by the retailer as a cost of doing business.)
8. Example 8: A manufacturer can distribute 2-party coupons if it sells its product directly to the consumer. In this situation, the manufacturer is a retailer; the value of the offer is expensed by the retailer as a cost of doing business. Example: A vacuum cleaner manufacturer sells the product directly to the public. The consumer receives a coupon for \$20.00 off. The consumer forwards the total cost (less \$20.00) and the \$20.00 coupon to the retailer, and the retailer delivers the vacuum cleaner.

Examples of a manufacturer coupon:

1. Example 1: manufacturer “XYZ-brand” creates and distributes a manufacturer coupon, and is received by a consumer. The coupon offers a \$0.50 discount on the purchase of a can of “XYZ-brand” **Chicken** soup. The Family code on the coupon represents only product codes for “XYZ-brand” Chicken soup. The consumer buys the “XYZ-brand” **Chicken** soup and presents the coupon at point-of-sale. The coupon barcode is scanned, and \$0.50 is deducted from the total purchase. The retailer takes possession of the coupon, and forwards the coupon to the manufacturer. The manufacturer receives the request for reimbursement and the coupon, then reimburses the retailer for the amount stated on the coupon.
2. Example 2: manufacturer “XYZ-brand” creates and distributes a manufacturer coupon, and is received by a consumer. The coupon offers a \$0.50 discount on the purchase of a can of “XYZ-brand” **Chicken** soup. The Family code on the coupon represents only product codes for “XYZ-brand” Chicken soup. The consumer buys the “XYZ-brand” **Tomato** soup and presents the coupon at point-of-sale. The coupon barcode is scanned, and the coupon is rejected. The Tomato soup Product barcode is not included in the Family code that is encoded in the coupon barcode, so the terms of the coupon has not been satisfied, and the coupon is not honored.

I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under 18 USC §1001 and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

Executed this 27 day of March 2008.

  
Daniel Roy Schlee